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SUBJECT: UNRWA TELLS HACFO STAFFDEL OPERATIONAL CHANGES TO BE IN EFFECT PRIOR TO DISENGAGEMENT

REF: AMMAN 2800

This message was prepared by regional refcoord and cleared by Consulate General Jerusalem.

1. (SBU) SUMMARY: UNRWA Acting Commissioner General Karen Abu Zayd and senior agency officials updated HACFO Staffdel on the status of current operations and planned changes prior to disengagement. The closure regime created by Israeli security measures and the construction of the separation barrier necessitate significant changes in UNRWA's operations and warehouse locations if it is to continue delivering humanitarian assistance. UNRWA reported positively on vetting measures to ensure that assistance was not being provided to terrorist organizations. In addition, UNRWA reported that it is continuing to discourage incitement in its schools by introducing tolerance and conflict resolution materials to supplement the Palestinian curricula. END SUMMARY.

2. (SBU) United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)'s Acting Commissioner General (ComGen) Karen Abu Zayd, Director of Operations/Gaza Field Director Lionel Brisson, West Bank Field Director Anders Fange, Legal Advisors James Lindsay and Scott Custer, and the heads of the USG-funded West Bank and Gaza emergency Operations Support Officer (OSO) programs met House Appropriations Committee Foreign Operations (HACFO) staff members Robert Blair and Rodney Bent at UNRWA's West Bank offices in Jerusalem April 1. The Staffdel was accompanied by regional Refcoord and ConGen Jerusalem EconOff.

#### UNRWA REVIEWS POST-DISENGAGEMENT PLANNING

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3. (SBU) Abu Zayd said that UNRWA will consider scaling back its USD 186 million emergency programs (USD 49 million for West Bank operations and USD 137 million for the Gaza Strip) in response to disengagement, but stressed that emergency interventions would still be necessary given that the World Bank's "best case" economic recovery scenarios do not/anticipate that disengagement will immediately impact the severe poverty that exists in Gaza. (NOTE: World Bank West Bank/Gaza Director Nigel Roberts told the Staffdel that it could take several years for the Palestinian Authority (PA) to recover from losses incurred during the Intifida. Roberts added that the PA economy will need to absorb the current 35,000 Palestinian laborers residing in Gaza and the West Bank that commute to Israel for work. Israel is phasing out Palestinian laborers from its economy by 2008. END NOTE.) She added that the impact on Palestinians refugees of continued barrier construction in the West Bank remains to be seen. (NOTE: Palestinian refugees make up about 29 percent of the population of the West Bank. END NOTE.) West Bank Field Director Anders Fange explained that UNRWA is particularly concerned about the construction of the so-called "Jerusalem envelope," which would force UNRWA to move staff and its Jerusalem warehouse to new facilities in Ramallah to conduct "cross-border" style operations.

4. (SBU) Gaza Field Director Lionel Brisson noted that UNSCO's ongoing discussions with GOI authorities on Gaza access suggests that movement of goods and persons into Gaza will not improve after disengagement, given reports that indicate that all humanitarian shipments will still have to enter via the Israeli port of Ashdod and possibly use a single Gaza border crossing. Unless strong international pressure reverses Israel's stated intention to halt Palestinian employment in Israel after 2008, UNRWA could not alter its basic emergency planning assumptions, argued Brisson.

5. (SBU) Given the possibility that there will be a long lag time for the Palestinian economy to recover, both Brisson and Abu Zayd argued that UNRWA's planned mid-term response, outlined in the agency's recently-released Medium Term Plan (MTP), was critical to demonstrate to Palestinian refugees that their living conditions could improve. Brisson explained that UNRWA hoped to secure funding to heavily invest in vocational and IT education to support economic activities such as e-commerce that would not be dependent on

Israel for external access to overseas markets. He noted that UNRWA currently had only 842 vocational training places for 80,000 persons aged 16-18 in Gaza and would like to double that enrollment by opening a second vocational training center in southern Gaza. He added that UNRWA was already in the process of extending computer training to its primary schools in Gaza using a 20 million euro grant the EU awarded in December 2004. UNRWA's second main initiative is camp development, improving housing and building sewers and water lines. Finally, Brisson said that UNRWA wanted to boost the local Gazan economy by expanding its existing micro-credit program, which is currently the largest in Gaza, by offering personal and housing loans in addition to its currently-offered business loans.

16. (SBU) Abu Zayd noted that UNRWA's estimated cost for the MTP would add USD 200 million/year to UNRWA's regular operating budget (currently about USD 340 million) over the next five years to cover activities in all five of its fields: West Bank, Gaza, Lebanon, Jordan and Syria. She added that UNRWA had also moved about USD 9 million in emergency program activities that have longer-term requirements, such as psycho-social and rehabilitative health care, to its regular budget this year. However, Brisson pointed out that UNRWA, fearing donor backlash, had decided to gradually introduce MTP programming into the 2005 budget, adding USD 34 million as opposed to USD 200 million. Abu Zayd added that UNRWA had already had some success raising funds in the Gulf to support infrastructure works, receiving USD 25 million from Saudi Arabia for its Rafah housing project. (NOTE: UNRWA has also received USD 15 million from Japan for Rafah re-housing. END NOTE.)

#### UNRWA-PA COORDINATION, POTENTIAL HANDOVER

17. (SBU) Turning to UNRWA's coordination with the PA, and the agency's potential to hand over some of its programming, such as education to the PA as a result of disengagement, Abu Zayd explained that UNRWA's MTP and PA Medium Term Development Plan (MTDP) were already in sync, having the same thematic focus:

- capacity building
- infrastructure
- education/economic development

Despite this alignment, Abu Zayd confirmed that UNRWA and the PA would hold a workshop in early May to ensure their approaches are harmonized. Abu Zayd elaborated that the PA's firm position, as stated in meetings she had held with the PA's point person on disengagement, Minister of Civil Affairs Muhammad Dahlan, and PA Planning Minister Ghassan Al-Khatib, is that the UNRWA mandate to provide services to Palestinian refugees should continue until the establishment of a two-state solution. She noted that other refugee-hosting authorities (Jordan, Lebanon, Syria) remained vehemently opposed to UNRWA turning this responsibility over to their agencies, despite the fact that the majority of refugees in Jordan were actually Jordanian nationals. However, she added that there is an increasing level of commitment to support refugees in Jordan and Syria.

#### CURRICULA

18. (SBU) Moving to specific UNRWA operations of interest to Congress, Staffdel Blair asked how UNRWA was taking measures to combat anti-Israeli sentiment in its schools. UNRWA Legal Advisor Scott Custer explained that UNRWA's standard operating procedure is to adopt the curricula of the local host authority. Accordingly, UNRWA used the PA texts that previously contained old material from Jordanian and Egyptian schools. However Custer argued that PA books have improved dramatically in recent years. Although UNRWA was satisfied the current texts are not promoting hatred, he added that UNRWA had developed its own supplemental tolerance education materials through a PRM grant. These texts are now used in all UNRWA schools in the West Bank and Gaza, and are being introduced in UNRWA schools in Lebanon, Jordan and Syria. (NOTE: UNRWA provided copies of its supplemental texts to the Staffdel Refcoord is also working with ConGen Jerusalem to provide the latest IPCRI assessment of PA texts. END NOTE.)

#### ANTI-TERRORISM MEASURES

19. (SBU) UNRWA Legal Advisor James Lindsay also described the procedures UNRWA uses to vet staff and suppliers for terrorist activity to comply with section 103 (c) of the Foreign Assistance Act of 1961. UNRWA monitors staff support for terrorist organizations at two levels: First, it strictly monitors what its local and international staff say publicly, and disciplines staff for inappropriate comments. Second, it vets potential employees to ensure they have not been convicted or imprisoned, requiring them to sign

agreements acknowledging that they understand the requirements for full disclosure imposed by UNRWA. Lindsay elaborated that UNRWA conducts its own background checks by reference checks from a minimum of three past employers in addition to providing the GOI with a list of all UNRWA employees. However, he said that UNRWA is reluctant to run background checks with the PA, given that there are competing PA security services and that derogatory information could be manipulated for political aims.

110. (SBU) Lindsay said that the Israeli authorities have provided information on UNRWA employees that that UNRWA has attempted to act upon. Prior to the current Intifada the GOI detained no more than two to three people out of a staff of 11,000 in the West Bank and Gaza per year. Currently, the GOI has informed UNRWA that 17 of its staff have been arrested, indicted or convicted. Lindsay explained that UNRWA has been pressing the GOI to provide information on the conditions of their detention as it cannot legally fire employees based on administrative detention (i.e., without criminal charge), which can sometimes occur based on family association or membership in a student organization. He added that UNRWA is concerned about disciplining those convicted automatically, as some detainees are advised to strike plea bargains by their lawyers. Lindsay said that UNRWA had "only recently" received information clarifying that two of the 17 are under administrative detention, three have been convicted and the remaining 12 are under indictment. To date, Lindsay said that UNRWA has terminated one of the convicted employees, as the GOI prosecution clearly revealed that he employee had lied on his application, hiding the fact that he had been jailed by Israeli authorities in the 1980s.

111. (SBU) On UNRWA facilities, the head of the West Bank Operation Support Officers (OSO) team explained that one of the OSO primary duties is to inspect UNRWA facilities at least once every 30 days. He noted that there have been only minor violations in the past year, involving refugees hanging political posters. (NOTE: UNRWA acknowledged that both militants and the IDF have carried out operations in the proximity of UNRWA schools resulting in the shooting death of one schoolgirl in the past year. END NOTE.) His assistant added that UNRWA is preemptively painting "gray areas," such as external school walls, with murals to prevent them from being used to paint political graffiti. On UNRWA's housing policy, Abu Zayd explained that UNRWA's internal policy is not to provide replacement housing for refugees whose home has been demolished because it was used to manufacture bombs. She was unable to offer specific numbers of suspected violators, but stressed that the numbers are "very small." Finally, UNRWA's Chief Financial Officer for the West Bank noted that UNRWA uses the State Department's list of terrorist organizations to vet all of its international procurements, and also conducts its own background checks on local suppliers.

112. (U) The Staffdel did not have the opportunity to clear this cable before departing.

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